



MWRA Advisory Board

2006 Issue Update

November 27, 2006

Update to the Arlington Board of Selectmen

Who is the MWRA Advisory Board?

The MWRA Advisory Board was created by the Legislature as part of the 1984 Enabling Act that established the Massachusetts Water Resources Authority (MWRA).

Our members include the chief elected official and a designee from each of the 60 cities and towns serviced by the Authority, along with a member of the Metropolitan Area Planning Council (MAPC) and six gubernatorial appointees representing various interests.

The Advisory Board reviews and comments on MWRA capital and current expense budgets and MWRA practices and policies. In addition, the Advisory Board appoints three members to the MWRA Board of Directors and approves all new connections to the MWRA water and sewer systems.

Big Dig vs. Boston Harbor Cleanup

Prozac in the Water • Hospital Shopping on the Web • Biofuel Boom

Observer

“What made the cleanup run so much more smoothly than the Big Dig? In a word, oversight....Area officials and citizens participated on boards that helped oversee MWRA’s efforts...It’s one thing, after all, to pledge accountability and something else to have people who actually demand it. The Big Dig lacked such a board, as well as the citizen advisory council that MWRA listens to.”

September 2006 Governing

Big Dig vs. Boston Harbor Cleanup

FORMER MWRA CHIEF SAYS HE'LL LISTEN IF ROMNEY CALLS ABOUT "FASCINATING" JOB

State House News Service, July 29, 2006

...Another aspect that led to a far different outcome for the Harbor cleanup and the Big Dig was a far more aggressive and less politicized board of directors at the MWRA, MacDonald said, along with an active and visible Advisory Board of citizens and environmentalists. Those groups assured no one could operate with the secrecy and arrogance that often marked the leadership of the Central Artery operation.

“That board, both of them, served as the place where the accountability was delivered, and that’s been overlooked so far,” MacDonald said. “It nurtured a culture of transparency...of accountability and public disclosure. You could have had something like that for the Big Dig.”

Fiscal Year 2006 Accomplishments

**\$25 Million in Debt Service
Assistance**

**Bringing Closure to CSO
Projects**

**Rates Management
Strategy Committee**

**System
Expansion Policy**

**Waiver of Indirects for
Water Supply Trust**

Water Supply Trust Audit

MWRA Spending

Since 1985, MWRA has invested over \$6.3 billion in water and wastewater capital projects

MWRA has recently completed their master planning process identifying an additional \$3 billion in spending for the Fiscal Years 2007-2048

Most spending on capital projects are federally mandated under such laws as the Clean Water Act and the Safe Drinking Water Act

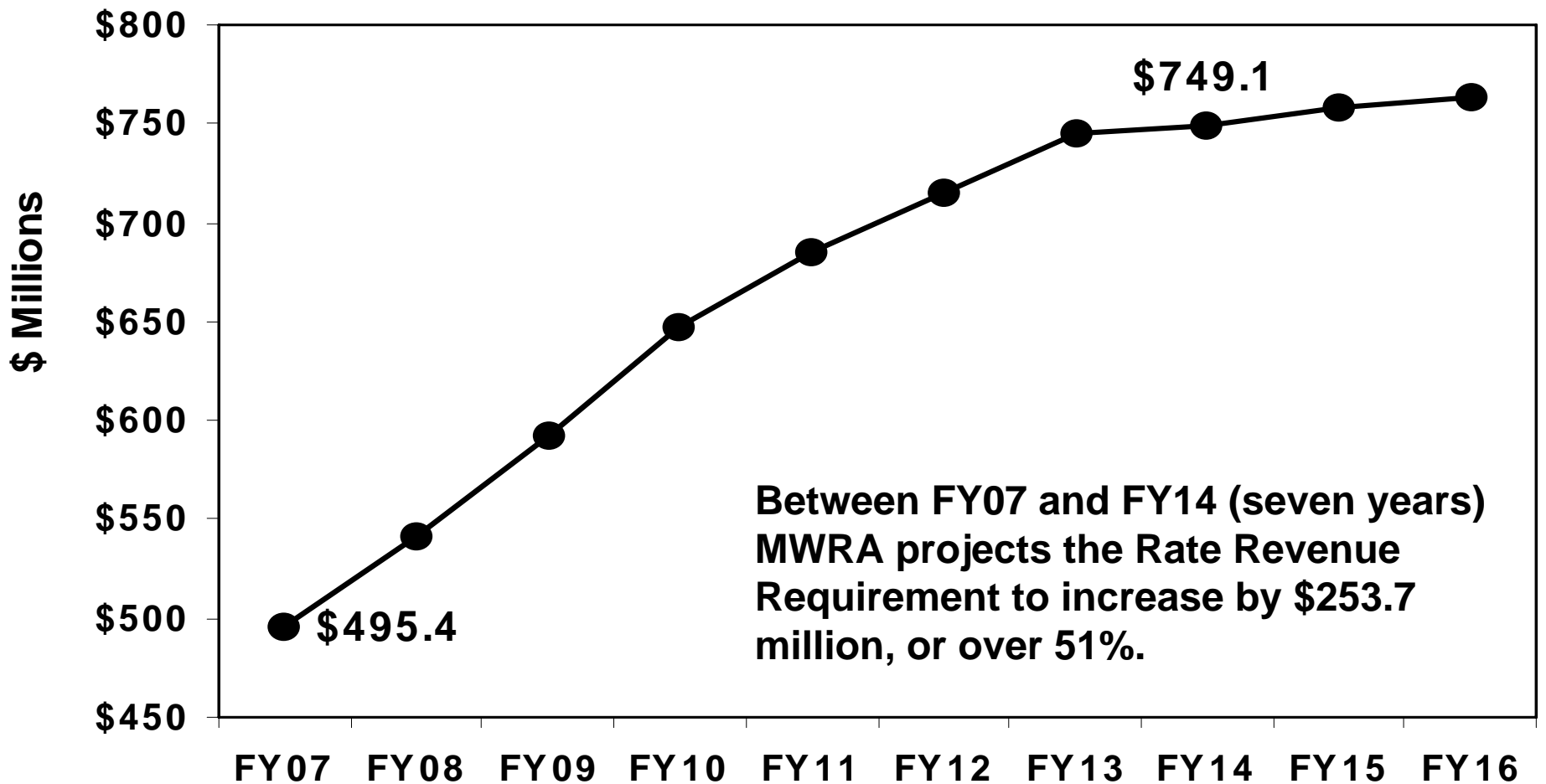
Capital Projects Benefiting Arlington

Arlington benefits from such specific projects as:

- **Norumbega Covered Storage (Completed Water; \$107.0 million)**
- **New Connecting Mains Shaft 7 to WASM 3 (Water; \$51.6 million)**
- **Rehabilitation of Other Pumping Stations (Water; \$29.5 million)**
- **Northern Extra High Service – New Pipelines (Water; \$8.7 million)**
- **Spot Pond Supply Mains Rehabilitation (Water; \$61.8 million)**
- **Weston Aqueduct Supply Mains (Water; \$116.2 million)**
- **Mill Brook Valley Sewer Section 79 & 92 (Completed Sewer; \$0.5 million)**
- **Inflow/Infiltration Local Financial Assistance (Sewer; Arlington Share: \$4.2 million)**
- **Local Water Pipeline Assistance Program (Water; Arlington Share: \$9.7 million)**

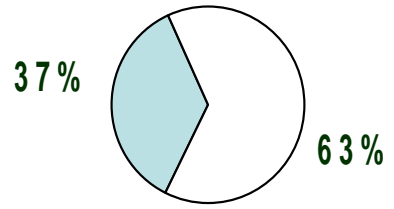
Progress Comes at a Price

Projected Rate Revenue Requirements



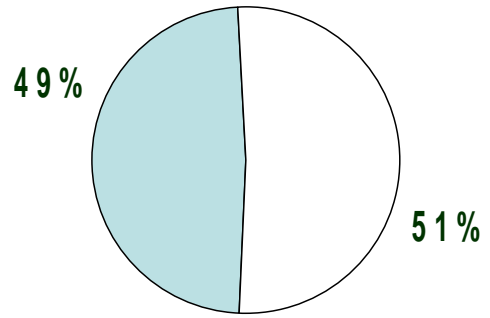
Impact of Debt Service on Annual Rate Revenue Requirement

FY1990 Actual



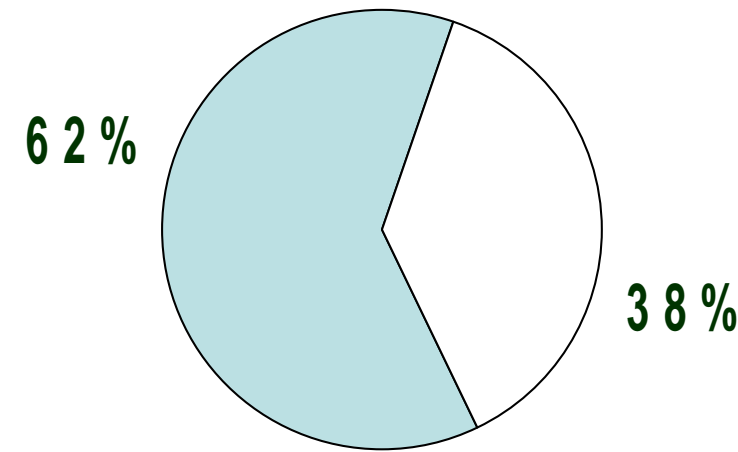
**Total Expenses:
\$180.1 million**

FY2000 Actual



**Total Expenses:
\$418.7 million**

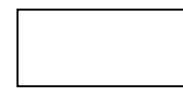
FY2010 Projected



**Total Expenses:
\$709.7 million**



Debt Service



Operating Expenses

Projected Impacts on Arlington Rates

Arlington

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Wholesale Water Charge	\$3,527,387	\$3,731,975	\$4,191,008	\$4,270,637	\$4,770,302	\$4,746,450	\$4,926,815	\$5,104,181
Percentage Increase		5.8%	12.3%	1.9%	11.7%	-0.5%	3.8%	3.6%
Between Approved Fiscal Year 2007 and Fiscal Year 2014 (seven years), your contribution to the water rate revenue requirement to the MWRA increases by:								\$1,576,794
A percentage increase of:								44.7%
Wholesale Sewer Charge	\$6,143,299	\$6,825,205	\$7,357,571	\$8,306,698	\$8,580,819	\$9,164,315	\$9,576,709	\$9,490,519
Percentage Increase		11.1%	7.8%	12.9%	3.3%	6.8%	4.5%	-0.9%
Between Approved Fiscal Year 2007 and Fiscal Year 2014 (seven years), your contribution to the wastewater rate revenue requirement to the MWRA increases by:								\$3,347,219
A percentage increase of:								54.5%
TOTAL	\$9,670,686	\$10,557,180	\$11,548,579	\$12,577,335	\$13,351,121	\$13,910,765	\$14,503,524	\$14,594,699
Percentage Increase		9.2%	9.4%	8.9%	6.2%	4.2%	4.3%	0.6%
Between Approved Fiscal Year 2007 and Fiscal Year 2014 (seven years), your total water and sewer community obligation to the MWRA increases by:								\$4,924,013
A percentage increase of:								50.9%

Notes:

- Wholesale charges are based upon the Final FY07 CEB Planning Estimate . The projected rates assume the receipt of Commonwealth Debt Service Assistance of \$18.75 million for FY07-14.
- Wastewater rate projections do not account for potential adjustments to each community's share of four allocation parameters: annual wastewater flow, maximum month flow, census population and sewer population.
- Waterworks rate projections do not account for potential adjustments to each community's share of total MWRA calendar year water use.
- Projected community charges exclude other MWRA fees associated with community support loan initiatives including the Local Water Pipeline Improvement Loan Program and Sewer Infiltration/Inflow Local Financial Assistance Program.

Critical Time for MWRA

Rates Management Strategy Committee

- **First Committee meeting held on October 25th; follow up meeting held November 8th**
- **Agenda items include:**
 - ✓ **Evaluating the outlook for Debt Service Assistance**
 - ✓ **Modifying bond covenants**
 - ✓ **Adjusting the RRR and Insurance Reserve**
 - ✓ **Managing entrance fees**
 - ✓ **Use of current revenue to support capital program**
 - ✓ **Restructuring existing bonds**

Critical Time for MWRA

Governor Romney's November 10th 9C Cut

- **Governor Romney has eliminated \$425 million in spending from the FY2007 state budget, including \$18.75 million in Debt Service assistance to MWRA communities**
- **Arlington will need to raise an additional \$376,315 to pay their MWRA FY07 wholesale charge**